



County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

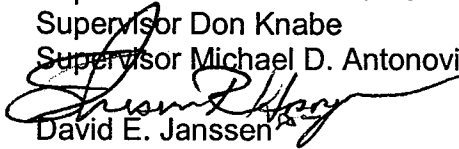
YVONNE B. BURKE
Second District

ZEY YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

April 5, 2007

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich
From: 
David E. Janssen
Chief Administrative Officer

WASHINGTON, D.C. UPDATE

Both houses of Congress are on recess this week. The Senate will reconvene next week while the House will reconvene on April 16, 2007. Below is the status of recent Congressional action on major legislation of County interest:

Federal Fiscal Year (FFY) 2007 Supplemental Appropriations Bill

On March 29, 2007, the Senate passed its FFY 2007 Supplemental Appropriations bill (S. 965) while the House passed its version (H.R. 1591) on March 23, 2007. Most funding in both bills would go to the Department of Defense to support its operations in Iraq and Afghanistan. Of major interest to the County, the Senate, but not House, bill includes a provision to impose a two-year moratorium on the proposed rule which would limit Medicaid payments to public hospitals to the cost of providing medical care to Medicaid recipients. If implemented, the proposed rule would result in an estimated annual Medicaid revenue loss of \$200 million to the County.

Conference negotiations on the supplemental appropriations legislation will begin after the House reconvenes in mid-April. The President is expected to veto the initial bill that the Democrat-controlled Congress sends him because it will contain Iraq troop withdrawal language that he opposes. However, it also is expected that a supplemental appropriations bill ultimately will be enacted because all sides agree that certain funding needs must be met. At issue is whether other funding and language, such as the County-supported language to block the Medicaid rule, will be included in the final version.

FFY 2008 Budget Resolution

Last week, the House passed its FFY 2008 Budget Resolution (H. Con. Res. 99) while the Senate passed its version (S. Con. Res. 21) on March 23, 2007. The budget resolution sets spending and revenue targets to guide future Congressional action on fiscal legislation. The House included a \$1.1 trillion cap on overall discretionary spending in FFY 2008, which is \$7 billion more than the Senate and \$25 billion more than the President requested. The House also provided for an increase of \$12 billion in non-defense discretionary spending in FFY 2008, which is \$6 billion more than the Senate and \$22 billion more than the President requested.

Both versions assume no reduction in mandatory (entitlement) spending, such as Medicaid, and also include a deficit-neutral reserve fund to increase funding for the State Children's Health Insurance Program (SCHIP) by up to \$50 billion over five years. However, under the "pay-as-you go" budget rules, any increase in SCHIP or other mandatory spending must be offset by a corresponding amount of spending cuts or revenue increases.

Negotiations on a conference agreement to reconcile the House and Senate proposals are expected to begin in mid-April when Congress returns from its spring recess. The chairs of the House and Senate Budget Committees hope to schedule a vote on a conference agreement in the first week of May.

Pursuit of County Position

Child Support Enforcement Matching Funds: The Deficit Reduction Act, (P.L. 109-171), which was enacted last year, eliminates Federal matching funds for child support incentive payments that states reinvest in the child support enforcement program, effective October 1, 2007. Based on California Department of Child Support Services estimates prepared for the Governor's proposed 2007-08 Budget, California would lose more than \$90 million in Federal matching funds in FFY 2008.

Two identical bills, H.R. 1386 (McDermott, D-WA) and S. 803 (Rockefeller, D-WVA), the Child Support Protection Act of 2007, have been introduced to restore the Federal match of child support incentive payments. The Federal Agenda, adopted by your Board, includes a policy to support proposals to increase Federal child support enforcement funding. **Based on this policy, the County's Washington advocates will support H.R. 1386, S. 803, or similar legislation which would restore the Federal match of child support incentive payments.**

We will continue to keep you advised.

DEJ:GK
MAL:MT:acn

c: All Department Heads
Legislative Strategist